

AGENDA



Thursday, November 20, 2008

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 16**

Subject: Approve an amendment to the contract with Pecan Street Owners Association d/b/a Sixth Street Austin, Austin TX, for the management of the E. 6th Street Public Improvement District to increase the not-to-exceed amount of the annual payment to \$87,687 for the years 2007-2009, and to increase the total agreement amount not to exceed \$404,479.

Amount and Source of Funding: Funding in the amount of \$43,500 is available in the Fiscal Year 2008-2009 Approved Operating Budget of Austin Energy. \$41,616 is anticipated in 2009 Public Improvement District assessments (at a 90% collection rate), of which \$4,000 will be maintained as a reserve. Funding for the extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Michael Knox, Downtown Officer / 974-6415

Prior Council Action: Authorized the East Sixth Street PID on August 26, 2004. Awarded the management contract to the Pecan Street Owners Association on December 2, 2004.

On December 2, 2004 the City Council authorized the negotiation and execution of a service agreement with Pecan Street Owners Association (PSOA) for the management of the E. 6th Street Public Improvement District, with an annual payment not-to-exceed \$76,731, with four 12-month extension options in an amount not to exceed \$76,731 per extension option, for a total agreement amount not to exceed \$383,655. The amount was based on a \$43,500 contribution from the City of Austin, and an estimated \$33,231 from PID assessment revenue (minus \$4,000). The value of property in the PID has grown, and in 2009 the PID is anticipated to generate \$44,187 in assessment revenue. The requested action will allow the contract amount to be increased to reflect the increased value generated from the PID. In the years 2007 and 2008, assessment revenue exceeded estimates. City staff transferred an amount of revenue in excess of the not-to-exceed amount to the PSOA, notwithstanding the contractual limit. The requested action would also amend the service agreement to authorize those increases in the payments.

A related item adopts the E. 6th Street Public Improvement District Service Plan and Budget for 2009. In 2009, the fifth year of the PID, this assessment rate is expected to generate \$40,187 from assessments, interest, late payments and other adjustments. To supplement this, the Pecan Streets Owners Association is proposing to raise an additional \$30,000. The City of Austin has also committed to provide \$43,500 as noted above.